

AMENDED IN SENATE MARCH 3, 2010

CALIFORNIA LEGISLATURE—2009—10 EIGHTH EXTRAORDINARY SESSION

**ASSEMBLY BILL**

**No. 9**

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**Introduced by Committee on Budget (Evans (Chair), Arambula, Beall, Blumenfield, Brownley, Carter, Chesbro, De La Torre, Feuer, Hernandez, Hill, Huffman, Monning, Ruskin, and Swanson)**

January 15, 2010

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*An act relating to the Budget Act of 2009. An act to amend Section 16965 of the Government Code, to amend Sections 99312, 99314.6, and 99315 of the Public Utilities Code, to add Sections 7102.1 and 7104.4 to, to add and repeal Section 7103.1 of, and to repeal Section 7103 of, the Revenue and Taxation Code, and to amend Sections 183.1 and 2103 of the Streets and Highways Code, relating to transportation, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 9, as amended, Committee on Budget. ~~Budget Act of 2009.~~  
*Transportation finance.*

*(1) The Motor Vehicle Fuel Tax Law and the Diesel Fuel Tax Law each impose a tax at the rate of \$0.18 per gallon on the removal, entry, sale, delivery, or specified use of motor vehicle fuel, commonly referred to as gasoline, and including aviation gasoline, and diesel fuel, and also imposes a tax at the rate of \$0.02 per gallon of aircraft jet fuel sold to a fuel user or used by a dealer. Article XIX of the California Constitution requires state-imposed excise tax revenues from fuel used in motor vehicles upon public streets and highways to be used solely for highway and mass transit guideway purposes.*

*This bill would require new revenues from an unspecified increase in those taxes to first be used to reimburse the General Fund for the amount needed for debt service on specified general obligation transportation bonds, with 44% of remaining revenues to be transferred to the State Highway Account to fund projects in the state transportation improvement program (STIP), 12% to be transferred to the State Highway Account for the State Highway Operation and Protection Program (SHOPP), and the remaining 44% to be apportioned to cities and counties for local street and road purposes pursuant to a specified formula, thereby resulting in an appropriation. However, in the 2010–11 fiscal year, after the reimbursement of the General Fund for debt service, approximately \$650,000,000 would be retained for future appropriation and 50% of the remaining revenues would be allocated to the STIP and 50% would be allocated to local streets and roads.*

*(2) Existing law, pursuant to Proposition 116 of 1990, creates the Public Transportation Account as a trust fund, with revenues in the account to be used solely for mass transportation and transportation planning purposes, and requires revenues from specified portions of the state sales and use tax on the sale of, and the storage, use, or other consumption of, motor vehicle fuel and diesel fuel to be transferred to the account. Existing law also requires revenues deposited in the State Highway Account from various miscellaneous sources that are not subject to Article XIX of the California Constitution to be transferred to the Public Transportation Account.*

*This bill would eliminate the transfer of miscellaneous revenues from the State Highway Account to the Public Transportation Account in the 2010–11 fiscal year, and would instead transfer those revenues to the Transportation Debt Service Fund for reimbursement of the General Fund for payment of current year debt service for specified general obligation rail and transit bonds. The bill would require the Controller to retransfer to the State Highway Account \$78,903,000 from the Public Transportation Account that was transferred to that account in the 2009–10 fiscal year from the miscellaneous revenues in the State Highway Account, and to transfer those revenues from the State Highway Account to the Transportation Debt Service Fund for reimbursement for current year debt service on specified general obligation rail and transit bonds. The bill would also reduce the amount to be transferred during the 2009–10 fiscal year from the Public Transportation Account to the Transportation Debt Service Fund for reimbursement of the General Fund for specified general obligation*

rail and transit bonds from \$225,044,000 to \$142,058,000. The bill, in the 2010–11 fiscal year, would transfer \$254,222,000 from the Public Transportation Account to the Transportation Debt Service Fund for reimbursement of the General Fund for payment of current year debt service for specified general obligation rail and transit bonds.

(3) Existing law specifies the authorized expenditures from the Public Transportation Account. Existing law creates the State Transit Assistance Program as one of the eligible transit programs to be funded with 50% of specified revenues in the account. The program provides grants to eligible local agencies under 2 different formulas. Existing law, however, suspends the program for the 2009–10 to 2012–13 fiscal years, inclusive. The remaining funds in the account are allocated to state-level mass transportation and transportation planning programs.

This bill would lift the suspension of the State Transit Assistance Program and appropriate \$400,000,000 from the Public Transportation Account for the program in the 2009–10 fiscal year under the applicable formulas. The bill would provide for no further funding of the State Transit Assistance Program in the 2010–11 fiscal year. For the 2011–12 fiscal year and subsequent fiscal years, the bill would continuously appropriate 75% of specified revenues in the Public Transportation Account under the applicable formulas to the State Transit Assistance Program and would make the revenues in the account transferred from the State Highway Account available, upon appropriation, only for state-level mass transportation and transportation planning programs, except as specified.

Under the State Transit Assistance Program, funds may not be allocated to a transit operator for operating purposes unless the operator meets one of two specified efficiency standards, subject to certain exceptions.

This bill would suspend those restrictions with respect to allocations for operating purposes made to those transit operators after January 1, 2010, through the 2011–12 fiscal year.

(4) Existing law requires certain motor vehicle fuel sales tax revenues commonly known as the “spillover” that would otherwise be deposited in the Public Transportation Account to instead be deposited in the Mass Transportation Fund, for expenditure on various programs and for transfer to the Transportation Debt Service Fund.

This bill would repeal the provisions governing the expenditures from the Mass Transportation Fund and transfer any remaining moneys in the fund to the Public Transportation Account.

(5) Existing law, pursuant to Article XIX B of the California Constitution, requires a portion of the revenues from the sales and use tax on motor vehicle fuel to be deposited in the Transportation Investment Fund to be used for specified highway, local street and road, and mass transportation purposes.

This bill would, on and after July 1, 2010, transfer any remaining obligations of the Transportation Investment Fund that cannot be funded with revenues in that fund, to the State Highway Account.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

The

(6) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on January 8, 2010.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on January 8, 2010, pursuant to the California Constitution.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
2 ~~changes relating to the Budget Act of 2009.~~

3 *SECTION 1. Section 16965 of the Government Code is*  
4 *amended to read:*

5 16965. (a) The Transportation Debt Service Fund is hereby  
6 created in the State Treasury. Moneys in the fund shall, among  
7 other things, as provided in this section, be dedicated to payment  
8 of debt service on bonds including bonds issued pursuant to the  
9 Clean Air and Transportation Improvement Act of 1990 (Part 11.5  
10 (commencing with Section 99600) of Division 10 of the Public  
11 Utilities Code), the Passenger Rail and Clean Air Bond Act of  
12 1990 (Chapter 17 (commencing with Section 2701) of Division 3  
13 of the Streets and Highways Code), the Seismic Retrofit Bond Act  
14 of 1996 (Chapter 12.48 (commencing with Section 8879) of  
15 Division 1 of Title 2), the Highway Safety, Traffic Reduction, Air  
16 Quality, and Port Security Bond Act of 2006 (Chapter 12.49

(commencing with Section 8879.20) of Division 1 of Title 2), and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code). If the moneys in the fund are insufficient to pay the balance of the debt consistent with existing obligations, the General Fund will be used to pay the balance of any debt service.

(b) (1) From moneys transferred to the fund pursuant to subdivision (b) of Section 7103 of the Revenue and Taxation Code, the Director of Finance is hereby authorized to reimburse the General Fund for up to three hundred thirty-nine million two hundred eighty-nine thousand three hundred forty-five dollars (\$339,289,345) for the purpose of offsetting the cost of debt service payments made from the General Fund during the 2007–08 fiscal year for public transportation-related general obligation bond expenditures in the following amounts:

(A) Clean Air and Transportation Improvement Act of 1990, one hundred twenty-three million nine hundred seventy-three thousand four hundred ninety-three dollars (\$123,973,493).

(B) Passenger Rail and Clean Air Bond Act of 1990, seventy million nine hundred eighty-three thousand three hundred sixty-three dollars (\$70,983,363).

(C) Seismic Retrofit Bond Act of 1996, one hundred forty-four million three hundred thirty-two thousand four hundred eighty-nine dollars (\$144,332,489).

(2) From moneys transferred to the fund pursuant to subdivision (b) of Section 7103 of the Revenue and Taxation Code, the Director of Finance is hereby authorized to reimburse the General Fund in the 2007–08 fiscal year for two hundred million dollars (\$200,000,000) for the purpose of offsetting the cost of debt service payments made in prior fiscal years from the General Fund for public transportation-related general obligation bond expenditures.

(c) From moneys transferred to the fund pursuant to subdivisions (c) and (d) of Section 7103 of the Revenue and Taxation Code, the Director of Finance is hereby authorized to reimburse the General Fund any amount necessary to offset the cost of debt service payments made from the General Fund during any fiscal year for transportation-related general obligation bond expenditures.

(d) From moneys transferred to the fund pursuant to an annual Budget Act or other statute from the State Highway Account in the State Transportation Fund, the Director of Finance is hereby authorized to reimburse the General Fund any amount necessary to offset the cost of debt service payments made from the General Fund during any fiscal year for transportation-related general obligation bond expenditures consistent with Article XIX of the California Constitution.

(e) *From moneys transferred to the fund pursuant to Section 2103 of the Streets and Highways Code, the Director of Finance is hereby authorized to reimburse the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 192 (1996) and three-quarters of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006).*

(f) *From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Director of Finance is hereby authorized to reimburse the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 116 (1990).*

(g) *From moneys transferred to the fund pursuant to Section 99315 of the Public Utilities Code, the Director of Finance is hereby authorized to reimburse the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006).*

SEC. 2. *Section 99312 of the Public Utilities Code is amended to read:*

99312. Except as provided in Sections 99311 and 99311.5, and except as otherwise provided in subdivisions (d) and (e), the funds in the account shall be made available for the following purposes:

(a) ~~Fifty~~ Twenty-five percent for purposes of Section 99315, subject to appropriation by the Legislature.

(b) To the Controller, ~~25~~ 37.5 percent for allocation to transportation planning agencies, county transportation

commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314. *Commencing with the 2011–12 fiscal year, these funds are hereby continuously appropriated for purposes of this subdivision.*

(c) To the Controller, ~~25~~ 37.5 percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313. *Commencing with the 2011–12 fiscal year, these funds are hereby continuously appropriated for purposes of this subdivision.*

~~(d) For the 2007–08 fiscal year, notwithstanding any other provision of this section, or any other provision of law, the allocations made pursuant to this section shall be adjusted as follows:~~

~~(1) From the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, fifty million dollars (\$50,000,000) is hereby appropriated to the Controller and shall be allocated pursuant to subdivision (b); fifty million dollars (\$50,000,000) is hereby appropriated to the Controller and shall be allocated pursuant to subdivision (c); and the remainder of revenue shall remain in the Public Transportation Account to fund other state public transportation priorities. The Controller shall make these allocations in four equal quarterly amounts of twelve million five hundred thousand dollars (\$12,500,000), as achievable by the receipt of the specified revenue.~~

~~(2) The amount appropriated in Item 2640-101-0046 of the Budget Act of 2006 for state transit assistance pursuant to subdivision (b) and (c) was greater than the amount of revenues received to support state transit assistance pursuant to Section 7102 of the Revenue and Taxation Code. Therefore, notwithstanding any other provision of law, the amount that would have otherwise been available for appropriation to state transit assistance in the 2007–08 fiscal year pursuant to paragraphs (2) and (3) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, shall be reduced by the excess amount that was appropriated to state transit assistance in the Budget Act of 2006, and that excess amount, as determined by the Department of Finance, shall instead remain in the Public Transportation Account to fund other state public transportation priorities. The funding for state transit~~

1 assistance as described in this paragraph is hereby appropriated to  
2 the Controller for allocation. The Controller shall attempt to spread  
3 this adjustment equally over four quarterly payments, as achievable  
4 by revenue estimates.

5 (e) For the 2008–09 fiscal year and thereafter, notwithstanding  
6 any other provision of this section or any other provision of law,  
7 and except as provided in subdivision (f), the funds transferred to  
8 the account pursuant to paragraph (1) of subdivision (a) of Section  
9 7102 of the Revenue and Taxation Code shall be made available  
10 for the following purposes:

11 (1) For purposes of Section 99315, 33.34 percent, subject to  
12 appropriation by the Legislature.

13 (2) To the Controller, 33.33 percent for allocation to  
14 transportation planning agencies, county transportation  
15 commissions, and the San Diego Metropolitan Transit Development  
16 Board pursuant to Section 99314. These funds are hereby  
17 continuously appropriated for purposes of this paragraph.

18 (3) To the Controller, 33.33 percent for the allocation to  
19 transportation agencies, county transportation commissions, and  
20 the San Diego Metropolitan Transit Development Board for  
21 purposes of Section 99313. These funds are hereby continuously  
22 appropriated for purposes of this paragraph.

23 (f) For the 2009–10 to 2012–13 fiscal years, inclusive,  
24 notwithstanding any other provision of this section or any other  
25 provision of law, the funds in the account subject to this section  
26 shall be made available only for purposes of Section 99315, subject  
27 to appropriation by the Legislature.

28 (d) (1) For the 2009–10 fiscal year, notwithstanding any other  
29 provision of this section or any other provision of law, the sum of  
30 four hundred million dollars (\$400,000,000) is hereby appropriated  
31 from the account to the Controller for immediate allocation  
32 pursuant to paragraph (2). These funds are intended to cover the  
33 two-year period of the 2009–10 and 2010–11 fiscal years. The  
34 remaining funds in the account subject to this section shall be  
35 available for the purposes of Section 99315, subject to  
36 appropriation by the Legislature.

37 (2) (A) Fifty percent of the amount appropriated to the  
38 Controller pursuant to paragraph (1) shall be allocated to  
39 transportation planning agencies, county transportation



1 *commissions, and the San Diego Metropolitan Transit Development*  
2 *Board pursuant to Section 99314.*

3 *(B) Fifty percent of the amount appropriated to the Controller*  
4 *pursuant to paragraph (1) shall be allocated to transportation*  
5 *planning agencies, county transportation commissions, and the*  
6 *San Diego Metropolitan Transit Development Board pursuant to*  
7 *Section 99313.*

8 *(e) For the 2010–11 fiscal year, notwithstanding any other*  
9 *provision of this section or any other provision of law, the funds*  
10 *in the account subject to this section shall be made available only*  
11 *for purposes of Section 99315, subject to appropriation by the*  
12 *Legislature.*

13 *SEC. 3. Section 99314.6 of the Public Utilities Code is amended*  
14 *to read:*

15 99314.6. (a) Except as provided in Section 99314.7, the  
16 following eligibility standards apply:

17 ~~(a)~~

18 ~~(1) Except as provided in subdivision (b) paragraph (2), funds~~  
19 ~~shall not be allocated for operating purposes pursuant to Sections~~  
20 ~~99313 and 99314 to an operator unless the operator meets either~~  
21 ~~of the following efficiency standards:~~

22 ~~(1)~~

23 (A) The operator's total operating cost per revenue vehicle hour  
24 in the latest year for which audited data are available does not  
25 exceed the sum of the preceding year's total operating cost per  
26 revenue vehicle hour and an amount equal to the product of the  
27 percentage change in the Consumer Price Index for the same period  
28 multiplied by the preceding year's total operating cost per revenue  
29 vehicle hour.

30 ~~(2)~~

31 (B) The operator's average total operating cost per revenue  
32 vehicle hour in the latest three years for which audited data are  
33 available does not exceed the sum of the average of the total  
34 operating cost per revenue vehicle hour in the three years preceding  
35 the latest year for which audited data are available and an amount  
36 equal to the product of the average percentage change in the  
37 Consumer Price Index for the same period multiplied by the  
38 average total operating cost per revenue vehicle hour in the same  
39 three years.

40 ~~(b)~~

(2) The transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, as the case may be, shall adjust the calculation of operating costs and revenue vehicle hours pursuant to ~~subdivision (a) paragraph (1)~~ to account for either or both of the following factors:

~~(1)~~

(A) Exclusion of costs increases beyond the change in the Consumer Price Index for fuel; alternative fuel programs; power, including electricity; insurance premiums and payments in settlement of claims arising out of the operator's liability; or state or federal mandates, including the additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations.

~~(2)~~

(B) Exclusion of startup costs for new services for a period of not more than two years.

~~(c)~~

(3) Funds withheld from allocation to an operator pursuant to ~~subdivision (a) paragraph (1)~~ shall be retained by the transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, as the case may be, for reallocation to that operator for two years following the year of ineligibility. In a year in which an operator's funds are allocated pursuant to ~~subdivision (a) paragraph (1)~~, funds withheld from allocation during a preceding year shall also be allocated. Funds not allocated before the commencement of the third year following the year of ineligibility shall be reallocated to cost effective high priority regional transit activities, as determined by the transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, as the case may be. If that agency or commission, or the board, determines that no cost effective high priority regional transit activity exists, the unallocated funds shall revert to the Controller for reallocation.

~~(d)~~

1 (b) As used in this section, the following terms have the  
2 following meanings:

3 (1) “Operating cost” means the total operating cost as reported  
4 by the operator under the Uniform System of Accounts and  
5 Records, pursuant to Section 99243 and subdivision (a) of Section  
6 99247.

7 (2) “Revenue vehicle hours” has the same meaning as “vehicle  
8 service hours,” as defined in subdivision (h) of Section 99247.

9 (3) “Consumer Price Index,” as applied to an operator, is the  
10 regional Consumer Price Index for that operator’s region, as  
11 published by the United States Bureau of Labor Statistics. If a  
12 regional index is not published, the index for the State of California  
13 applies.

14 (4) “New service” has the same meaning as “extension of public  
15 transportation services” as defined in Section 99268.8.

16 (e)

17 (c) The restrictions in this section do not apply to allocations  
18 made for capital purposes.

19 (f)

20 (d) The exclusion of costs increases described in ~~subdivision~~  
21 ~~(b)~~ *paragraph (2) of subdivision (a)* applies solely for the purpose  
22 of calculating an operator’s eligibility to claim funds pursuant to  
23 this section and does not authorize an operator to report an  
24 operating cost per revenue vehicle hour other than as described in  
25 this section and in Section 99247, to any of the following entities:

26 (1) The Controller pursuant to Section 99243.

27 (2) The entity conducting the fiscal audit pursuant to Section  
28 99245.

29 (3) The entity conducting the performance audit pursuant to  
30 Section 99246.

31 (e) *The restrictions in this section shall not apply to the*  
32 *allocation of funds made pursuant to Sections 99313 and 99314*  
33 *after January 1, 2010, and through the 2011–12 fiscal year.*

34 SEC. 4. *Section 99315 of the Public Utilities Code is amended*  
35 *to read:*

36 99315. Funds made available pursuant to subdivision (a) of  
37 Section 99312; shall be available for all of the following purposes:

38 (a) To the department for bus and passenger rail services  
39 pursuant to Sections 14035, 14035.5, and 14038 of the Government  
40 Code.

1 (b) To the department for funding of public transit capital  
2 improvement projects in the state transportation improvement  
3 program, pursuant to Section 14529 of the Government Code.

4 (c) To the department for its planning activities not payable  
5 from the State Highway Account in the State Transportation Fund,  
6 its mass transportation responsibilities, and its assistance in regional  
7 transportation planning.

8 (d) To the department for allocation by the director to the  
9 Institute of Transportation Studies of the University of California  
10 for training and research in public transportation systems  
11 engineering and management and coordination with other  
12 transportation modes.

13 (e) To the commission for its activities not payable from the  
14 State Highway Account.

15 (f) To the Public Utilities Commission for its passenger rail  
16 safety responsibilities specified in statute on commuter rail,  
17 intercity rail, and urban rail transit lines.

18 ~~(g) To the State Department of Developmental Services for~~  
19 ~~funding of regional center transportation.~~

20 ~~(h) To the Department of Education for funding of~~  
21 ~~home-to-school transportation, pursuant to Article 10 (commencing~~  
22 ~~with Section 41850) of Chapter 5 of, and Small School District~~  
23 ~~Transportation, pursuant to Article 4.5 (commencing with Section~~  
24 ~~42290) of Chapter 7 of, Part 24 of Division 3 of Title 2 of the~~  
25 ~~Education Code.~~

26 (i) ~~To~~

27 (g) *For transfer to the Transportation Debt Service Fund created*  
28 *by Section 16965 of the Government Code to reimburse the General*  
29 *Fund for current year debt service payments on rail and*  
30 *transit-related general obligation bonds. For the 2009–10 fiscal*  
31 *year, the Director of Finance is authorized to reimburse up to two*  
32 *hundred twenty-five million forty-four thousand dollars*  
33 *(\$225,044,000) in General Fund expenditures for this purpose.*  
34 *other than those issued pursuant to the Clean Air and*  
35 *Transportation Improvement Act of 1990 (Part 11.5 (commencing*  
36 *with Section 99600)), as follows:*

37 (1) *For the 2009–10 fiscal year, the Controller shall transfer*  
38 *up to one hundred forty-two million fifty-eight thousand dollars*  
39 *(\$142,058,000) to the fund upon order of the Director of Finance*  
40 *for debt service paid or payable within that fiscal year.*

1 (2) For the 2010–11 fiscal year, the Controller shall transfer  
2 up to two hundred fifty-four million two hundred twenty-two  
3 thousand dollars (\$254,222,000) to the fund, as follows:

4 (A) By the 15th of every month, the Treasurer, in consultation  
5 with the Director of Finance, shall notify the Controller of the  
6 amount of debt service that will be paid on each transportation  
7 bond during that month.

8 (B) Within two business days following the 28th of every month,  
9 the Controller shall transfer from the account to the Transportation  
10 Debt Service Fund an amount equal to monthly debt service paid  
11 by the General Fund on any bonds issued pursuant to Proposition  
12 108 (1990) and Proposition 1A (2008), and one-quarter of the  
13 monthly debt service paid by the General Fund on any bonds issued  
14 pursuant to Proposition 1B (2006).

15 SEC. 5. Section 7102.1 is added to the Revenue and Taxation  
16 Code, to read:

17 7102.1. Notwithstanding subdivision (b) of Section 7102, the  
18 revenues, less refunds, derived from the tax in Sections 6051.8 and  
19 6201.8 shall be estimated by the State Board of Equalization, with  
20 the concurrence of the Department of Finance, and shall be  
21 transferred quarterly to the Public Transportation Account in the  
22 State Transportation Fund.

23 SEC. 6. Section 7103 of the Revenue and Taxation Code is  
24 repealed.

25 ~~7103. (a) The Mass Transportation Fund is hereby created in~~  
26 ~~the State Treasury. Upon appropriation by the Legislature, moneys~~  
27 ~~in the Mass Transportation Fund may be used for, but shall not~~  
28 ~~necessarily be limited to, the following transportation purposes:~~

29 ~~(1) Payment of debt service on transportation bonds, or~~  
30 ~~reimbursement to the General Fund for past debt service payments~~  
31 ~~on transportation bonds.~~

32 ~~(2) Funding of the Department of Developmental Services for~~  
33 ~~regional center transportation.~~

34 ~~(3) Reimbursement to the General Fund for payments made by~~  
35 ~~the General Fund pursuant to subdivision (f) of Section 1 of Article~~  
36 ~~XIX B of the California Constitution.~~

37 ~~(4) Funding of home-to-school transportation, pursuant to Article~~  
38 ~~10 (commencing with Section 41850) of Chapter 5 of Part 24 of~~  
39 ~~the Education Code, and Small School District Transportation;~~

1 pursuant to Article 4.5 (commencing with Section 42290) of  
2 Chapter 7 of Part 24 of the Education Code.

3 (b) From moneys transferred to the fund pursuant to  
4 subparagraph (G) of paragraph (1) of subdivision (a) of Section  
5 7102 in the 2007–08 fiscal year, the sum of five hundred thirty-nine  
6 million two hundred eighty-nine thousand three hundred forty-eight  
7 dollars (\$539,289,348) shall be transferred to the Transportation  
8 Debt Service Fund, and the sum of eighty-two million six hundred  
9 seventy-eight thousand dollars (\$82,678,000) may be reimbursed  
10 by the Director of Finance in the 2007–08 fiscal year for the  
11 purpose of offsetting payments made by the General Fund pursuant  
12 to subdivision (f) of Section 1 of Article XIX B of the California  
13 Constitution.

14 (c) From moneys transferred to the fund pursuant to  
15 subparagraph (H) of paragraph (1) of subdivision (a) of Section  
16 7102 in the 2008–09 fiscal year, the sum of eighty-two million six  
17 hundred seventy-eight thousand dollars (\$82,678,000) may be  
18 reimbursed by the Director of Finance for the purpose of offsetting  
19 payments made by the General Fund pursuant to subdivision (f)  
20 of Section 1 of Article XIX B of the California Constitution, and  
21 the Director of Finance may transfer any funds remaining in the  
22 fund after this reimbursement of the General Fund to the  
23 Transportation Debt Service Fund.

24 (d) From moneys transferred to the fund pursuant to  
25 subparagraph (I) of paragraph (1) of subdivision (a) of Section  
26 7102, the Director of Finance may transfer to the Transportation  
27 Debt Service Fund any amount necessary to offset the cost of debt  
28 service payments made from the General Fund during any fiscal  
29 year for transportation-related general obligation bond  
30 expenditures.

31 *SEC. 7. Section 7103.1 is added to the Revenue and Taxation*  
32 *Code, to read:*

33 *7103.1. (a) All moneys in the Mass Transportation Fund shall*  
34 *be transferred to the Public Transportation Account on the date*  
35 *that fund ceases to exist pursuant to the repeal of Section 7103.*

36 *(b) This section shall remain in effect only until January 1, 2011,*  
37 *and as of that date is repealed, unless a later enacted statute, that*  
38 *is enacted before January 1, 2011, deletes or extends that date.*

39 *SEC. 8. Section 7104.4 is added to the Revenue and Taxation*  
40 *Code, to read:*

1     7104.4. *All remaining obligations of the Transportation*  
2 *Investment Fund as of July 1, 2010, that cannot be funded with*  
3 *resources in that fund shall become obligations of the State*  
4 *Highway Account.*

5     SEC. 9. *Section 183.1 of the Streets and Highways Code is*  
6 *amended to read:*

7     183.1. (a) Notwithstanding subdivision (a) of Section 182 or  
8 any other provision of law, money deposited into the account that  
9 is not subject to Article XIX of the California Constitution,  
10 including, but not limited to, money that is derived from the sale  
11 of documents, charges for miscellaneous services to the public,  
12 condemnation deposits fund investments, rental of state property,  
13 or any other miscellaneous uses of property or money, may be  
14 used for any transportation purpose authorized by statute, upon  
15 appropriation by the Legislature or, after transfer to another fund,  
16 upon appropriation by the Legislature from that fund.

17     (b) (1) Not later than November 1 of each year, *except as*  
18 *otherwise provided in subdivision (c)*, based on prior year financial  
19 statements, the ~~State~~ Controller shall transfer the funds identified  
20 in subdivision (a) for the prior fiscal year to the Public  
21 Transportation Account in the State Transportation Fund.

22     (2) *From the funds transferred to the Public Transportation*  
23 *Account pursuant to this subdivision in the 2009–10 fiscal year,*  
24 *the Controller shall retransfer to the State Highway Account the*  
25 *sum of seventy-eight million nine hundred three thousand dollars*  
26 *(\$78,903,000). Notwithstanding paragraph (1), the Controller*  
27 *shall then transfer these funds from the State Highway Account to*  
28 *the Transportation Debt Service Fund in the State Transportation*  
29 *Fund for debt service paid or payable within that fiscal year.*

30     (c) Notwithstanding subdivision (b), in the 2010–11 fiscal year,  
31 and not later than November 1, 2010, based on prior year financial  
32 statements, the Controller shall transfer the funds identified in  
33 subdivision (a) for the prior fiscal year to the Transportation Debt  
34 Service Fund in the State Transportation Fund.

35     (d) Notwithstanding Section 99312 of the Public Utilities Code,  
36 commencing with the 2011–12 fiscal year, the funds transferred  
37 to the Public Transportation Account pursuant to subdivision (b)  
38 shall be made available only for the purposes of Section 99315 of  
39 the Public Utilities Code, subject to appropriation by the  
40 Legislature, except as provided in paragraphs (1) and (2).

(1) For the 2011–12 fiscal year, eleven million five hundred thousand dollars (\$11,500,000) shall, subject to appropriation by the Legislature, be allocated pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, and eleven million five hundred thousand dollars (\$11,500,000) shall, subject to appropriation by the Legislature, be allocated pursuant to subdivision (c) of Section 99312 of the Public Utilities Code.

(2) For the 2012–13 fiscal year, six million dollars (\$6,000,000) shall, subject to appropriation by the Legislature, be allocated pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, and six million dollars (\$6,000,000) shall, subject to appropriation by the Legislature, be allocated pursuant to subdivision (c) of Section 99312 of the Public Utilities Code.

SEC. 10. Section 2103 of the Streets and Highways Code is amended to read:

2103. ~~At~~(a) Of the net revenues deposited to the credit of the Highway Users Tax Account that are derived from the increases in the rates of taxes that are imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 of the Revenue and Taxation Code, all of the following shall occur on a monthly basis:

(1) (A) By the 15th day of every month, the Treasurer's office, in consultation with the Department of Finance, shall notify the Controller of the amount of debt service that will be paid on each transportation bond during that month.

(B) Within two business days following the 28th day of each month, the Controller shall transfer to the Transportation Debt Service Fund an amount equal to the amount of monthly debt service paid by the General Fund on any bonds issued pursuant to the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2 of the Government Code) or any other highway bonds, and three-quarters of the amount of monthly debt service paid on any bonds issued pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2) for reimbursement of the General Fund for these costs. If revenues available pursuant to this subdivision in any given month are insufficient to fully reimburse the General Fund for the debt service payments made, the first revenues available pursuant to this subdivision in the following month or months shall be transferred to the



1 *Transportation Debt Service Fund so that all debt service payments*  
2 *made on these bonds from the General Fund in a given fiscal year*  
3 *are fully reimbursed.*

4 (2) *In the 2010–11 fiscal year, after the monthly transfer made*  
5 *pursuant to paragraph (1), the sum of fifty-four million one*  
6 *hundred sixty-seven thousand dollars (\$54,167,000) per month*  
7 *shall be held in the account for future appropriation by the*  
8 *Legislature.*

9 (3) *The Controller shall transfer any remaining net revenues*  
10 *subject to this subdivision as follows:*

11 (A) *Forty-four percent shall be transferred to the State Highway*  
12 *Account to fund projects in the State Transportation Improvement*  
13 *Program that are consistent with Section 1 of Article XIX of the*  
14 *California Constitution, except in the 2010–11 fiscal year, 50*  
15 *percent shall be transferred for purposes of this subparagraph.*

16 (B) *Twelve percent shall be transferred to the State Highway*  
17 *Account to fund projects in the State Highway Operation and*  
18 *Protection Program, except in the 2010–11 fiscal year, no revenues*  
19 *shall be transferred for purposes of this subparagraph.*

20 (C) *Forty-four percent shall be apportioned by the Controller*  
21 *for local street and road purposes, except in the 2010–11 fiscal*  
22 *year, 50 percent shall be transferred for purposes of this*  
23 *subparagraph as follows:*

24 (i) *Fifty percent shall be apportioned by the Controller to cities,*  
25 *including a city and county, in the proportion that the total*  
26 *population of the city bears to the total population of all the cities*  
27 *in the state.*

28 (ii) *Fifty percent shall be apportioned by the Controller to*  
29 *counties, including a city and county, in accordance with the*  
30 *following formulas:*

31 (I) *Seventy-five percent shall be apportioned among the counties*  
32 *in the proportion that the number of fee-paid and exempt vehicles*  
33 *that are registered in the county bear to the number of fee-paid*  
34 *and exempt vehicles registered in the state.*

35 (II) *Twenty-five percent shall be apportioned among the counties*  
36 *in the proportion that the number of miles of maintained county*  
37 *roads in each county bear to the total number of miles of*  
38 *maintained county roads in the state. For the purposes of*  
39 *apportioning funds under this subparagraph, any roads within the*

1 *boundaries of a city and county that are not state highways shall*  
2 *be deemed to be county roads.*

3 *(b) After the transfers or other actions pursuant to subdivision*  
4 *(a), at least 90 percent of the balance deposited to the credit of the*  
5 *Highway Users Tax Account in the Transportation Tax Fund by*  
6 *the 28th day of each month shall be apportioned or transferred,*  
7 *as applicable, by the State Controller by the second working day*  
8 *thereafter, except for June, in which case the apportionment or*  
9 *transfer shall be made the same day. These apportionments or*  
10 *transfers shall be made as provided for in Sections 2104 to 2122,*  
11 *inclusive. If information is not available to make the apportionment*  
12 *or transfer as required, the apportionment or transfer shall be made*  
13 *on the basis of the information of the previous month. Amounts*  
14 *not apportioned or transferred shall be included in the*  
15 *apportionment or transfer of the subsequent month.*

16 *SEC. 11. The provisions of this act are severable. If any*  
17 *provision of this act or its application is held invalid, that invalidity*  
18 *shall not affect other provisions or applications that can be given*  
19 *effect without the invalid provision or application.*

20 ~~SEC. 2.~~

21 *SEC. 12. This act addresses the fiscal emergency declared by*  
22 *the Governor by proclamation on January 8, 2010, pursuant to*  
23 *subdivision (f) of Section 10 of Article IV of the California*  
24 *Constitution.*

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